

Reed Act: Investment in Indiana's workers

Energize Indiana invests \$1.25 billion over 10 years to help Indiana emerge from the national recession and to create 200,000 new high-wage, high-skill jobs, enroll 200,000 more Hoosiers in college and credential programs and increase Hoosiers' per capita income.

EI authorizes Indiana's Department of Workforce Development to help Hoosiers stung by the national recession by extending their unemployment benefits *and* helping them to find jobs, is an integral part of Energize Indiana. If Indiana is to build the highly skilled, highly trained workforce needed to meet the increasing demands of 21st century employers, Hoosier workers in need must be offered a hand up.

Reed Act

Allocation of Reed Act funds (IC 22-4-26-5)

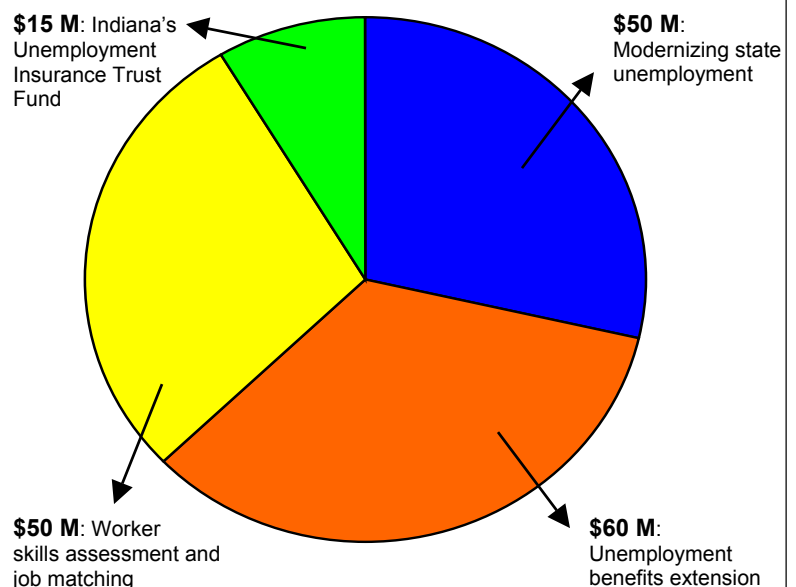
The U.S. Congress in March passed an economic-stimulus package that extends unemployment insurance payments for workers by 13 weeks. It also provides up to \$8 billion to the states to help employers find skilled workers for high-wage jobs and to administer unemployment and employment services. Indiana received \$175 million, and will invest **\$160 million** to:

- Assess the skills of 30,000 Hoosier workers; determine the skills required for 1,800 selected job categories; match workers with the jobs; and recruit workers. **\$50 million.**
- Extend unemployment benefits to Hoosiers who cannot find work within the normal benefit period. Just as the federal government included money to extend unemployment benefits in its stimulus package, the O'Bannon-Kernan administration believes this measure provides a financial bridge to Hoosiers who need help now, *during* the recession. **\$60 million.**
- Modernize and simplify the state's unemployment insurance system, allowing recipients to receive their checks more quickly and enabling businesses to pay unemployment taxes online. **\$50 million.**

The remaining \$15 million in economic stimulus funds will remain in the state's Unemployment Insurance Trust Fund. This will help to keep employers' unemployment taxes down. The more financially solvent the fund, the lower taxes are for employers who must pay into the fund.

In this way, employees and employers both see some fiscal relief from this measure.

Reed Act Allocations \$175 million of relief for Indiana workers



What is Reed Act money?

Reed Act money is interest earned on the unemployment taxes that employers pay into the Unemployment Insurance Trust Fund. By federal law (known as the Reed Act), once the interest has built up to a certain amount it must be distributed back to the states.

How was each state's share determined and what is Indiana's share?

The Job Creation and Workers' Assistance Act of 2002 provided \$8 billion in relief. Each state's share was based on its Federal Unemployment Tax Act taxable wages for calendar year 2000. Based on taxes paid by Indiana employers in 2000, Indiana's share of the \$8 billion was calculated to be \$175 million.